

4/26/78

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brezinski to Pres. Carter, 4 pp., re: Panama trip opened per RAC NLC-126-12-14-1-2, 4/17/13	4/26/78	A
Memo	Sec. Brown to Pres. Carter, 7 pp., re: Defense summary OPENED 8/13/93	4/26/78	A
Memo	Frank Moore to Pres. Carter, 3 pp., re: Personal matter	4/26/78	C
Memo	Peter Bourne to Pres. Carter, 8 pp., re: Recommendation	4/26/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
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THE WHITE HOUSE
WASHINGTON

April 26, 1978

The Vice President
Hamilton Jordan
Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

WEEKLY DEFENSE REPORT

SECRET

2148

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
<input checked="" type="checkbox"/>	SECRET
	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

~~SECRET~~

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

April 21, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(April 15 - 21, 1978)

Meetings in Europe: Following your suggestion during a Cabinet meeting earlier this year, I sent you four personal messages during my week in Europe. They summarized my meetings with heads of government and defense ministers in Norway, Germany, and the U.K., and the NATO Nuclear Planning Group meeting in Denmark. Any suggestions as to how to make such messages more useful would be welcomed. For convenience I am attaching to this report some highlights from the four messages.

Meeting with Senator Jackson: Charles met with Senator Jackson on Wednesday to discuss SALT II. Scoop claims that the treaty, as he sees it emerging, would be opposed by more than fifty Senators and would be a crushing defeat for the Administration. (I think we are not in that bad a position in the Senate if we get an agreement near what we now propose.) His principal concerns are with the protocol provisions. He says if it were dropped chances for Senate approval would be much improved. His position was that he was genuinely interested in securing a SALT II agreement; Charles thought that it was, to some extent, a genuine sentiment.

Authorization Bill Mark-up--House: The House Armed Services Committee began their mark-up of our Authorization Bill on Thursday. Based in part on a conversation I had Thursday with Mel Price, I believe the full Committee will probably agree with Bennett's Seapower Subcommittee, which has recommended a nuclear carrier, an Aegis cruiser and the deletion of all but long-lead procurement funds for the Trident. Some F-14s, F-18s, A-7s, and C-130s which were not requested are also likely to be added.

Authorization Bill Mark-up--Senate: The Senate Armed Services Committee will begin mark-up next week. John Stennis confirmed to me Thursday that they are likely to add a carrier--they lean toward adding a CVN but there is an outside chance that they might be persuaded to add a CVV (conventional, smaller carrier) instead. I will see him next week to pursue this. They also are likely to delete Trident funding and not add an Aegis cruiser. They will add some aircraft, although not as many as the House.

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 3/11/93 DOD/RE MR-NLC-42-22

BY *[Signature]* NARS, DATE 7/21/93

~~SECRET~~

Classified by Sec Def
EXEMPT FROM GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652, EXEMPTION CATEGORY 3
DECLASSIFY ON: 31 Dec 2008

Sec Def Cont No. 1-1177

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~~SECRET~~

2

No-Notice Exercise: The execution of the no-notice (POISE CHECK) exercise you directed last week was made known to us by memorandum instead of phone call or cable. There was considerable delay and conflicting communications both between DoD and the White House, and within DoD, in relaying the execute order. We plan to take this up with Zbig early next week, and will also reexamine our internal procedures. The exercise, once begun, went well--all exercise events were executed successfully and on time according to the plan you approved. But, as noted above, some correction of procedures at the Washington end is needed; I will take action to ensure such correction.

Base Realignments: We are preparing to announce our 1978 base realignment package. Congressional notification and public release of the candidate list are scheduled for next week. Charles has reviewed the package with Jack Watson. There are 112 candidates in the United States (some of which are alternates to each other), with \$336 million projected annual savings. One-time costs, including construction, would be \$609 million. Realistically we can expect only a fraction of this package to survive the entire long process of notification, hearings, impact statements, and Congressional response.

NATO Summit: I emphasized to the defense ministers in Europe the importance of their attending the NATO Summit in Washington on May 30-31. The central issue of that meeting--the common defense of NATO--cannot be advanced nearly so well without their presence. Cy agrees, and you may wish to mention it to your counterparts when appropriate.

Harold Brown

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~~SECRET~~

Summary of Messages from European Meetings, April 12-19, 1978

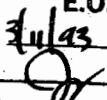
Norway: Prime Minister Nordli was concerned with the Soviet balance on the Kola Peninsula, an incipient dispute with the Soviets over resources in the Barents Sea, and Soviet efforts to erode Norwegian sovereignty in Spitzbergen. He emphasized Norway's strong support for NATO, but also Norway's current economic difficulties. I emphasized the need for concrete endorsements of the long term defense program (LTDP) at the NATO Summit in May.

Defense Minister Hansen was concerned about reports that a new U.S. naval strategy called for withdrawal from defense of the Norwegian Sea. I told him, and repeated at a press conference, that we had no such intention. I emphasized to him the need for defense programs rather than pious pronouncements if the Summit is to succeed and the U.S. Congress is to support NATO.

Foreign Minister Frydenlund told me that he had learned the Spanish government plans to vote on membership in NATO late this year. He said that Iceland is more inclined to support NATO than it has been, but some gesture from our government is needed. He praised your ER decision.

Germany: I met with the new Defense Minister, Hans Apel, in Bonn and later in the week in Denmark, as well as with Schmidt in Bonn.

Apel in our first meeting sought my views of the strategic balance. I led from there to discussion of the importance of conventional capabilities, given the fact of nuclear parity. Apel agreed and emphasized the "absolute necessity" that the NATO nuclear deterrence, including theater nuclear forces, remain intact, so that the Warsaw Pact knows that any conventional war in Europe would risk a nuclear exchange. He said he understood the political necessity of a successful NATO Summit meeting--which he acknowledged depends in turn on a successful long term defense program. I pushed him on the need to be specific rather than general in support of the LTDP, and emphasized the importance of cooperative planning in weapons development (so that development efforts are not duplicated and more two-way sales can take place). Apel spoke of the coming Brezhnev visit to Germany, said they think Brezhnev wants detente, but that they are planning for the worst if Brezhnev's successors return to a hard line. For this reason they want to keep open the cruise missile option.

DECLASSIFIED
E.O. 12356, Sec. 3.4
PER 11/43 DDD/HYRE MP-ALC-92-22
BY  NARS, DATE 7/21/93

My meeting with Schmidt lasted for an hour and a quarter. I pressed him, as I had Apel, for German approval of AWACS. Schmidt said he was inclined to help. Part of the key lies in more U.S. purchases of German military equipment. I believe the Germans are close to a possible decision on AWACS, but perhaps not in time for the Summit meeting. Schmidt said he believed that medium-range cruise missiles did not belong in SALT; rather, he would put them in a separate "gray areas" negotiation. He believes that we need a better balance in medium-range nuclear systems between NATO and the Warsaw Pact.

Regarding ERW, Schmidt said he thought your decision was essentially a sound one, although he regretted the procedure insofar as it had affected him, and was also disturbed by some U.S. press reports blaming the FRG. He said he was doing, and would continue to do, everything he could to quiet the controversy, but that the sudden change in the U.S. position as he understood it had caused him great political difficulties. Problems which he listed between the U.S. and the FRG over the past year included, besides the ERW, pressure on him to reflate the German economy, the decline of the dollar, and the delivery of nuclear materials; but he reiterated his faith in and commitment to a strong US/FRG tie.

I began my second meeting with Apel later in the week by expressing concern that the Germans in our early meeting had seemed quite negative about the LTDP and somewhat so about AWACS. Apel said Schmidt will be writing you on these subjects. The meeting was tough, but I think progress was made in getting to know Apel better and bringing him and his colleagues around to a more positive attitude -- even though movement is painfully slow. He pointed out various obstacles and he pointed out various ways in which they would like to have them resolved. I shall continue to press him.

Britain: I emphasized to Prime Minister Callaghan as I had to others the crucial importance of the NATO Summit meeting and the need for it to produce a positive commitment by the governments to the LTDP. He emphasized the need for the U.S. to purchase weapons from the European allies, as well as the converse: As I had with the Germans, I pointed out that such ends could be furthered by cooperative planning in future weapons development and manufacture. Callaghan accepted my request that he help with Schmidt, when the latter visits London next week. Callaghan believes the USSR wants larger influence in Western Europe, and that a strong European defense industry will put backbone into Western European resistance. I thanked him on your behalf for his help on the ERW issue.

My meeting with Defense Minister Mulley persuades me that the British will be forthcoming at the Summit. They showed some mild interest in cooperative weapons projects. On cruise missiles, the government is constrained by the Labor Party platform commitment against modernizing Britain's independent nuclear force. He said that any proposal for cutoff of fissionable material production would be unacceptable, and that the PRC has shown an interest in buying Harrier (VSTOL) aircraft from Britain. Regarding the latter, I told him I could not state an official government position; my own view was that sales of defensive weapons to the PRC by allies (rather than by us) would perhaps not be objectionable.

I also had a private dinner with the Governor of the Bank of England and the shadow defence minister of the Conservatives, along with some other members of the British establishment. All expressed strong concern about U.S. economic policy, the decline of the dollar, U.S. inaction in the energy area, and the need for a firm United States foreign and defense policy in Western Europe and vis-a-vis the Soviets.

NPG Meeting: The Defense Ministers, meeting in Denmark, called for continued modernization of theater nuclear forces, while emphasizing the need to pursue verifiable and economical arms control agreements. The Germans especially were interested in how the U.S. intended to proceed with regard to the arms restraint aspect of the ER decision. They expressed great concern about the SS-20. The remarks of the Turkish Defense Minister reflected substantial improvement in that country's attitude towards us, resulting from your decision to seek removal of the imbargo and proceed with new armaments.

Revised:
4/25/78
4:00 p.m.

THE PRESIDENT'S SCHEDULE

Wednesday - April 26, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:00 Meeting with Congressional Black Caucus.
(20 min.) (Mr. Frank Moore) - The Cabinet Room.

10:00 Honorable George Meany. (Mr. Landon Butler).
(15 min.) The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Meeting with Senators Walter Huddleston & Birch Bayh,
(45 min.) Secretary Harold Brown, Admiral Stansfield
Turner et al. (Dr. Zbigniew Brzezinski).
The Cabinet Room.

12:05 Greetings/Photographs - The Oval Office.

1:00 Meeting with Mrs. Rosalynn Carter - The Oval Office.
(30 min.)

1:45 Senator James Sasser. (Mr. Frank Moore)
(20 min.) The Oval Office.

2:30 Mr. Kenneth Blaylock, President, American Federation
(10 min.) of Government Employees. (Mr. Landon Butler).
The Oval Office.

THE WHITE HOUSE
WASHINGTON

WEDNESDAY - APRIL 26, 1978
11:20 a.m.

MR. PRESIDENT

SECRETARY VANCE CALLED.

Tip:
Vote Count

lh
8-9 Senators
hold #1's SA & Egge

T.K.

Glenn

McG

Clark?

HH ?

Sayre - hold

meeting with senators huddleston & bayh...
secretary brown, admiral turner, etc.

4/26/78

THE WHITE HOUSE
WASHINGTON

Birch Bayh & Sen Huddleston
E. O. basis

IV-V-VI Agency - 2 wks
Community - 4
Restrictions - 6

Too detailed
Comm. Hce - restrictive position
Trends against tight restraint
Reporting excessive

meeting with george meany 4/26/78

THE WHITE HOUSE
WASHINGTON

4-26-78

Meany

Labor law reform 5/9 breakfast

*Sponsored by administration
Bldg Trades Legis Conference*

Tax reform

Energy legis

1980 Cost Containment

Supported AFL-CIO agenda

H-H

Tax justice

Min wage

Unemployment

Housing starts

Anti-inflation

*Visits, heads of state
Banda - Malawi
Khama - Botswana*

CONGRESSIONAL BLACK CAUCUS
MEETING WITH PRESIDENT CARTER
Wednesday, April 27, 1978
9:00 a.m. - The White House

AGENDA

Chairman, Parren J. Mitchell - Opening Statement

I. Recognition of President's Positive Actions Taken On:

- o H.R. 50
- o Efforts to stimulate minority ownership in telecommunications
- o EEO Reorganization
- o Evolution of U.S. - African Policy
- o Agency goals of 15% set-aside for minority entrepreneurs DOT; DOD; H.U.D.; Interior; Commerce.
- o Tuition Tax Credit
- o Revised Presidential goals for minority procurement for all government agencies
- o Decision on the neutron bomb

II. Administration support and action needed:

- o S. 50 *in Senate*
- o Urban Policy - implementation mechanisms
- o D.C. Voter Bill in the Senate
- o Effective economic pressure against South Africa.
e.g., Export-Import Bank = *will support Tsongas*

Members Reports *

- A. Hon. Shirley Chisholm - Tuition Tax Credit
- White House Liaison - *Platcher*
 - B. Hon. William Clay - Hatch Act *→ Senate*
 - C. Hon. Charles Diggs - International Initiatives *Tamison*
 - D. Hon. Ralph Metcalfe - Housing and Employment Problems
Unemp vs infl. = inner city housing starts
- * Other members may advance other issues/problems areas.

Caucus Proposal to the President

III. Congressional Task Force Assessment of Federal Programs Implementation at the Local Level

Current public perception is that Blacks, minorities, and the poor receive all the benefits of government at the expense of (white) middle-income taxpayers - who believe they receive no benefits.

There is little understanding of the ways middle & upper incomes benefit from government, e.g., mortgage interest deductions and corporations. At the same time, press accounts expose fraud, incompetence, and general

administrative negligence which prevent the benefits from getting to the intended recipients, e.g., CETA, Title I, SBA, Housing Programs, Medicaid, Medicare, and Welfare.

With Congressional Black Caucus leadership, federal/local Congressional teams should be dispatched to designated cities together with GAO, OMB and key committee representatives to assess who benefits from particular federal programs; education, housing, jobs, health, and minority enterprise.

The White House staff and the Vice President's office could be closely involved in this process. Each issue area might be undertaken separately over a three to four month period with a report to the President and Congressional leadership. This would be a major Caucus proposal to the President.

Congressional Black Caucus

306 House Annex

Washington, D.C. 20515

202-225-1691

Parren J. Mitchell, Md., Chairperson
Shirley Chisholm, N.Y., Vice-Chairperson
Cardiss Collins, Ill., Treasurer
Ronald V. Dellums, Calif., Secretary

Yvonne B. Burke, Calif.,
William Clay, Mo.
John Conyers, Mich.
Charles Diggs, Mich.
Walter E. Fauntroy, D.C.
Harold Ford, Tenn.
Augustus Hawkins, Calif.
Barbara Jordan, Texas
Ralph Metcalfe, Ill.
Robert N.C. Nix, Pa.
Charles Rangel, N.Y.
Louis Stokes, Ohio

Honorable Thomas P. O'Neill, Jr.
Speaker of the House
U.S. House of Representatives
U.S. Capitol
Washington, D.C. 20515

Dear Mr. Speaker:

The Congressional Black Caucus believes that the need exists for an assessment of the equity and effectiveness of all forms of federal financial assistance.

There is far too little understanding of the ways in which middle and upper income Americans receive direct benefits from the Federal government, frequently through the tax system. Instead, there is a public perception that it is Black Americans, other minorities and the poor who receive most of the benefits the Federal government provides. "Tax expenditures" which provide direct financial assistance to the more affluent must not be treated differently from programs of direct assistance to the less affluent. The tuition tax credit, which the Administration rightly opposes, would be another such expenditure largely benefitting the more affluent.

With the Congressional Black Caucus closely involved in the leadership, joint congressional-Administration teams which involve both GAO and OMB should be dispatched to designated cities to assess program operation and the question of whether targeted program beneficiaries actually receive program benefits. We recognize that the Administration has begun an effort to eliminate program abuse, but that effort needs to be strengthened and broadened to include the Caucus, congressional leadership, and other Members of Congress.

Honorable Thomas P. O'Neill, Jr.
Page 2

The President and the House and Senate leadership must be directly involved in this effort, and specific requirements for reporting and making public the findings and recommendations should be an integral part of the effort.

I would appreciate your thoughts on the ideas that I have set forth and look forward to working with you to evolve new policy and direction in this critical area of federal domestic expenditures.

Sincerely,

PARREN J. MITCHELL
Chairman

THE WHITE HOUSE
WASHINGTON

April 26, 1978

Peter Bourne

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: LETTER FROM MRS. RUSCHE RE
CHILDREN AND DRUGS

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
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	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
✓	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON

4-26-78

To Peter Bunker
Prepare brief
reply for me to
sign -

JC

1436 Cornell Road NE
Atlanta Georgia 30306
24 April 1978

President Jimmy Carter
The White House
1600 Pennsylvania Avenue
Washington DC 20500

Dear President Carter,

I am one of several parents deeply concerned about children and drugs. Two years ago, nearly fifty Druid Hills children, aged ten, eleven and twelve, were found to be using drugs. Seeking help from drug abuse agencies, their parents were told not to worry about kids smoking pot since marijuana was harmless. Forced to draw on their own resources, the parents researched pediatric journals for information on the effects of drugs on children and devised ways to lead their children out of the drug culture. They wrote to Dr. Robert DuPont, director of the National Institute on Drug Abuse, who flew to Atlanta to talk with them. Staggered by the knowledge and acceptance of drugs by the children, Dr. DuPont commissioned one of the parents, Dr. Marsha Keith Schuchard, to write a handbook describing the methods developed by the parents to get their kids off drugs. The handbook will be distributed by NIDA to P.T.A.'s across the country.

Sadly, the Druid Hills children are not an isolated case. Last fall, former state senator Washington Larsen's teenage stepson overdosed on angel dust. Alarmed, Dublin parents investigated and found drug usage among their junior and senior high school children to be as high as 80%. Two Emory University students have been murdered this year. Both students were cocaine dealers; both were murdered by middle class teenagers; both murders occurred during a drug deal. A few months ago, a football star from Lakeside High School died of exposure. Found face-up in a creek, his blood contained cocaine, amphetamines and antidepressants.

As parents trying to find out all we can about drugs, we are confused and frustrated by conflicting statements from our national leaders. In U.S. News and World Report (4/17/78, p. 81), Dr. Peter Bourne describes cocaine as, "not physically addicting and only a small number of users become psychologically dependent..." while NIDA concludes from a four-year study that cocaine is the most psychologically addictive drug in current use and can be fatal if overdosed. We are troubled by the growth of a 150 million dollar paraphernalia industry which glamorizes and promotes drug use, and in Georgia, at least, are trying to legislate against it. We are disturbed by overt pro-drug references in rock lyrics. The refrain from "Cocaine," the lead song on Eric Clapton's album Slow Hand, is but one example: "Cocaine, cocaine...she's all right, she's o.k." Finally, we are

troubled when drug possession laws go unenforced at rock concerts in municipal auditoriums where marijuana smoking, cocaine snorting and drug dealing occur openly and blatantly.

As alarmed parents, we urge you to look into this problem of children and drugs. Dr. Schuchard's handbook and an issue of High Times Magazine will show you what we are all up against. Most parents are ignorant of the pro-drug pressures their children encounter daily. Educating parents about these pressures and taking a strong stand against drug use by kids less than 18 years old is something we urge both you and Mrs. Carter to consider doing.

Sincerely,

A handwritten signature in cursive script that reads "Sue Rusche". The signature is fluid and written in dark ink.

Sue (Mrs. Harry) Rusche

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Meeting with
Walter B. Russell, Jr.
Wednesday, April 26
(5 minutes)
The Oval Office
12:25 p.m.

(by: Fran Voorsee)

I. PURPOSE: personal visit to deliver
a bathrobe as settlement
for a bet on Army/Navy
football game

II. BACKGROUND, PARTICIPANTS & PRESS PLAN:

A. Background: Mr. Russell is Chairman
of the Dekalb County, Georgia
Board of Commissioners

Mr. Russell is coming to
deliver a bathrobe to
you as the winnings of
a wager on this year's
game.

B. Participants: Mr. Russell

C. Press Coverage: White House Photographer

THE WHITE HOUSE
WASHINGTON

April 26, 1978

Tim Kraft

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan
Zbig Brzezinski
Fran Voorde

TRIP TO PANAMA

CONFIDENTIAL

DECLASSIFIED

Per: RSC Project

ESON: NLC-12648-M-1-1

IN: KS, DATE: 7/16/13

THE WHITE HOUSE

WASHINGTON

April 26, 1978

9

MEMORANDUM FOR: THE PRESIDENT

FROM: TIM KRAFT *Tim*
PHIL WISE *PR*

Based upon Brzezinski's and Christopher's memos, we suggest this schedule:

Friday, June 16

8:00 a.m. Depart White House
9:30 a.m. Arrive Atlanta
10:00 a.m. Address Brotherhood Commission of the Southern Baptist Convention at Omni
12:00 p.m. Depart Atlanta
3:15 p.m. Arrive Panama City
3:45 p.m. Motorcade into Panama City
4:30 p.m. Meetings with Torrijos and Bogota Five
6:00 p.m. Treaty exchange ceremony
8:00 p.m. Dinner

Overnite

Saturday, June 17

9:00 a.m. Tour Canal
12:00 p.m. Depart Panama
6:00 p.m. Arrive White House

> 6 hours

✓ Approve Disapprove

Option

Saturday, June 17

9:00 a.m. Tour Canal
12:00 p.m. Depart Panama

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4:30 p.m. Arrive Brunswick

5:00 p.m. Arrive Musgrove

Sunday, June 18 (Father's Day)

Musgrove

Monday, June 19

Musgrove

late afternoon-return to Washington

_____ Approve  _____ Disapprove

NOTE: HAMILTON AND JODY CONCUR WITH THIS SCHEDULE.

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THE WHITE HOUSE

WASHINGTON

April 26, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Panama Visit

You asked Hamilton for a memo from State and NSC with recommendations on your trip. Warren has written a memo at Tab A, but permit me to summarize:

1. Should you go to Panama? In the light of your letters to and conversations with General Torrijos, State and NSC believe you should go. *sh*
2. When? Ambassador Lewis has just telephoned the Department and informed us that the Panamanians will welcome your visit at any time, but they would prefer early June. State and NSC agree that a June date is best. *sh*
3. How long? State and NSC believe that a 30-hour overnight would be most appropriate, and provide you time to exchange the Instruments of Ratification, meet with General Torrijos, lunch with the "Bogota Five" (Perez, Torrijos, Lopez Michelsen, Oduber and Carazo, and Manley), visit the Canal and listen to a briefing on Panama's investment plan for the Canal area, and perhaps take a short trip the next morning to a small village outside Panama City. *I personally favor a shorter visit - no overnight.*
4. The Brooke Amendment. The Brooke Amendment does not affect your wanting to exchange the Instruments of Ratification in June. All the Brooke Amendment says is that the exchange "cannot become effective" until Congress passes implementing legislation or until March 31, 1979, whichever comes first.

RECOMMENDATION:

1. Trip should be scheduled for early June.

☒ APPROVE ☐ DISAPPROVE

2. Trip should be 30 hours, overnight.

☒ APPROVE ☐ DISAPPROVE

DECLASSIFIED
Per: Rac Project

ESDN: NLC-126-12-14-1-2

BY *KS* NARA DATE *4/16/13*

THE WHITE HOUSE
WASHINGTON

April 26, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

CONG. DAVIS CALL

	FOR STAFFING
	FOR INFORMATION
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	NO DEADLINE
	LAST DAY FOR ACTION -

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	VICE PRESIDENT
	EIZENSTAT
	JORDAN
✓	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
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	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

Frank
done
J

THE WHITE HOUSE
WASHINGTON

APRIL 26, 1978
10:15 A.M.

MR. PRESIDENT

CONGRESSMAN MENDEL DAVIS OF SOUTH
CAROLINA CALLED.

FRANK THINKS HE PROBABLY WANTS TO
ASK YOU TO MEET WITH 10 HIGH SCHOOL
STUDENTS (WINNERS OF A CONTEST "WHAT
I WOULD DO IF I WERE PRESIDENT FOR A
DAY") WHO WILL BE IN TOWN TODAY.
FRANK AND BILL CABLE ARE SEEING THE
STUDENTS AND IF THIS IS WHAT
DAVIS WANTS, SUGGEST YOU MERELY
REGRET THAT YOUR FULL SCHEDULE WON'T
ALLOW YOU TO SEE THEM.

T.K.

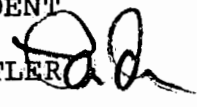
2:30 P.M.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM: LONDON BUTLER 

DATE: APRIL 26, 1978

SUBJECT: KEN BLAYLOCK MEETING ON CIVIL SERVICE REFORM

Attached is Scotty Campbell's briefing paper on the meeting today with Ken Blaylock of the American Federation of Government Employees. Scotty and I will attend the meeting also.

Ken is in his first term as AFGE president, and he is a new member on the AFL-CIO Executive Council.

You might say to him that the persons in the Administration who have been working with him are extremely impressed with his leadership and the courage that he has shown on this very difficult issue. He has, in fact, taken a lot of chances in face of cautious advice from the AFL-CIO and many of his own members.

Complimentary remarks from you would be appropriate.



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D. C. 20415

April 26, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell *Scott*
SUBJECT: Your Meeting with Ken Blaylock and Tom Donahue

You are meeting this afternoon with Ken Blaylock, President of the American Federation of Government Employees (AFGE), and Tom Donahue, Executive Assistant to George Meany.

AFGE, an AFL-CIO affiliate, is the largest Federal union. It represents almost 700,000 Federal employees, of which about 300,000 are members. Independent unions, which are opposing our civil service reform efforts, represent about 425,000 employees. Ken Blaylock was first elected in 1976 and will be running for a second term in August of this year. He is the youngest member of the AFL-CIO Executive Council. Tom Donahue was Assistant Secretary of Labor under Presidents Kennedy and Johnson. He comes from the Service Employees International Union, and he played a major role under President Johnson in the 1967-68 review of President Kennedy's Executive Order 10988, which governed Federal labor-management relations.

Although the AFGE and the AFL-CIO take exception to some of the provisions of the Civil Service Reform Act, they are generally supporting the reform effort and have specifically endorsed the Reorganization Plan.

They are pleased with your willingness to support a statutory base for federal labor relations but will try in Committee to go further than provisions of the Executive Order, with particular emphasis on expanding the scope of bargaining (not including pay) and union security. Their chances of success are slim in the House Committee and non-existent on the House floor and in the Senate, and I do not believe we should discourage them from trying. We would not be successful and it would sour our good relations with them. I have made it clear to them that we will oppose any significant changes.

Both AFGE and the Public Employee Department of the AFL-CIO will testify on civil service reform before the Senate Governmental Affairs Committee on Thursday of this week. I have read their testimony and it is supportive and, most importantly, they urge action in this session of Congress.

Talking Points:

1. Thank them for their support. Indicate you are aware that Ken has been subject to considerable criticism in the press, from within his own union, and from the leadership of the independent unions for this support.
2. Emphasize the need for action during this session of Congress. Public management issues are difficult to keep alive. Neither the administration nor labor will accomplish their long-term goals unless there is action at this session.
3. Make clear that your reforms are not anti-employee but designed to correct personnel system defects. Correction will make it possible for employees to perform better.

THE WHITE HOUSE
WASHINGTON

April, 1978

To Senator

As President, I want to express my admiration for your support of the Panama Canal treaties. Rarely is a national leader called upon to act on such an important issue fraught with so much potential political sacrifice.

On behalf of the people of the United States, I thank you for your personal demonstration of statesmanship and political courage.

Sincerely,
Jimmy Carter

THE WHITE HOUSE

WASHINGTON

FAREWELL PHOTOGRAPH WITH JOSEPH AMERICA

Wednesday, April 26, 1978
12:10 (2 minutes)
The Oval Office

I. PURPOSE

Farewell photograph

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Joe America is retiring the end of the month from the C&P Telephone Company after 37 years. He has been associated with the White House as an installer since May, 1943, and has worked for the White House complex longer than any other individual here today.
- B. Participants: Joe America
Carolyn America (wife)
- C. Press Plan: White House Photographer only.

THE WHITE HOUSE
WASHINGTON

April 26, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M./be

For your information

Senator William Roth (R-Del) is considering offering a slightly modified version of his amendment to change the effective date of the tax cut to October 1 (The Budget Committee recommended January 1). His amendment last night got 22 votes. He wants to know if we would fight with him for his amendment.

Russell Long supports us on the October 1 date. He voted with Roth last night. However, he believes that we should not join with Roth in a renewed effort--too many Senators are already on record against Roth; the first Budget Resolution is not binding (the second is); Long's Committee may come out with tax cut legislation before the second Budget Resolution; the House Budget Resolution contains the right date. Additionally, Roth is a Republican, and Muskie would be outraged if we rushed in at the last minute to challenge his committee.

Dan Tate advised Senator Roth this morning that we have touched several bases and believe the effort would be futile.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

Stu Eizenstat
Tim Kraft
Fran Voorde

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Stripping for mailing.

Rick Hutcheson

LETTER TO MRS. JOHNSON RE PRESIDENTIAL
SCHOLARS AWARDS CEREMONY

THE WHITE HOUSE

WASHINGTON

April 25, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Invitation to Mrs. Lady Bird Johnson
to the Fifteenth Annual Presidential
Scholars Awards Ceremony

The attached letter for your signature invites Mrs. Lady Bird Johnson to the fifteenth annual awards ceremony for the Presidential Scholars Program, at which time she would receive a special medallion in recognition of the contributions of the late President to the field of education, including creation of the Presidential Scholars Program.

The awards ceremony is to be held Thursday morning, May 25, 1978 in the Rose Garden.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

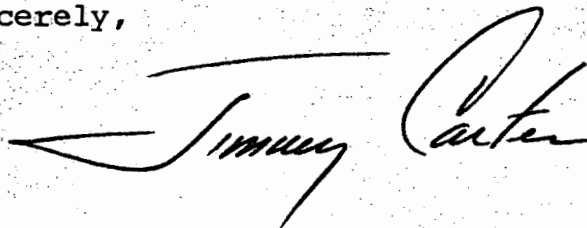
To Lady Bird Johnson

In recognition of the outstanding contributions of the late President Johnson to the field of education and equal educational opportunity, you are cordially invited to participate in the Fifteenth Annual Presidential Scholars Award Ceremony.

In addition to honoring over 100 outstanding high school seniors, this year's program includes the presentation of a special medallion in honor of President Johnson. I would like to be able to present the medallion to you in his honor.

The awards ceremony will be held Thursday, May 25, 1978 in the Rose Garden. I hope very much that you will be able to join us.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Mrs. Lyndon B. Johnson
LBJ Ranch
Stonewall, Texas 78671

~~CONFIDENTIAL COPY MADE
FOR PRESIDENTIAL PURPOSES~~

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

C
/

MEMORANDUM FOR THE PRESIDENT
VICE PRESIDENT

FROM THE SECRETARY OF LABOR *for*

SUBJECT: "The \$45 Billion Connection" on Channel 5
Thursday, April 27

Last fall we convinced Capital Cities Television Productions-- a large independent commercial television network--to do a documentary on the complex problems arising out of the huge payments by oil importing countries to OPEC. In particular, we wanted them to show the American public how this problem didn't merely mean higher gasoline prices, but had a much broader and profound impact on their lives. For example, we hoped they could show the American public the interrelationships between OPEC oil payments and the U.S. trade deficit, Japanese dumping steel, arms shipments to the middle east, the high level of inflation and unemployment continuing throughout the world, and so on.

Today my staff has had a chance to review the production-- entitled, "The \$45 Billion Connection" and it is their view that Capital Cities Television Productions has done an excellent job. The program is particularly timely in terms of the energy situation facing the country.

The show is to be carried nationwide by 180 stations representing 93% of U.S. television homes. Locally it is to be aired Thursday night at 8:00 p.m. on WTTG channel 5.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

Frank Moore

**The attached was returned in the
President's outbox and is forwarded
to you for appropriate handling.**

Rick Hutcheson

**RE: MELCHER LETTER ON MAGNETOHYDRODYNAMICS
PROCESS**

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

4/25/78

TO: THE PRESIDENT

FROM: CONGRESSIONAL LIAISON

Per your request.

JOHN MELCHER
MONTANA

United States Senate

April 19, 1978

Frank - I've
read this - Please
non-com reply
for me

J

ACK. FM/ENERGY
CONGRESSIONAL
DIVISION

APR 25 1978

CC: Tate

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

When I visited with you over a month ago in your office we briefly discussed the Magnetohydrodynamics (MHD) process for converting coal into electricity. You suggested at that time that you would be glad to review a statement from me advocating an acceleration of the program.

I have prepared such a statement of advocacy from the standpoint of a layman interested in moving forward with a greater utilization of coal that is environmentally sound and carries with it conservation of great magnitude of this source of energy. Mr. President, I believe that is the essence of your enlightened energy program. It is a commendable position of leadership on your part.

In preparing this statement I have attempted to be fairly brief and, while I have discussed the process with various physicists and engineers during the past nine years, I am not attempting to burden this brief statement with a lot of technical data.

I hope you will review it, and I would appreciate the opportunity of discussing it with you in the near future.

Best regards.

Sincerely,

John Melcher

Enclosure

SU 05
EN 00

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

April 25, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: U.S. Merchandise Trade Deficit for March
(to be released at 10:30 a.m., Wednesday)

The merchandise trade deficit fell from \$4.5 billion in February to \$2.8 billion in March. Exports rose by \$1 billion; imports fell by \$750 million. The results are generally in line with our expectations for the trade deficit in 1978 (a \$30 to \$35 billion deficit for the year as a whole). In March, there were still a few aberrant factors holding up the deficit; e.g., speeded-up Japanese shipments to beat a threatened West Coast dock strike.

The pattern of our trade continues to be disturbing. Over the last year (from 1977-QI to 1978-QI), nominal GNP (i.e., not correcting for inflation) rose by 10 percent. Imports rose by 13 percent during the same period while exports rose only 4 percent. Our agricultural exports have been slightly stronger lately (1978-QI being 10 percent above 1977-QI), and machinery exports have recovered slightly. Imports of manufacturing are running far above last year: machinery and transport equipment are up 35 percent from 1977-QI.

These figures once again emphasize the importance of our basic policies -- curbing inflation at home to maintain competitiveness in markets, while encouraging our partners to expand so as to increase our exports.

One further point: The recent uptick in the value of the dollar (up 2.5 percent in two weeks) has been welcomed by many inside and outside the government. If maintained, it will help on the inflation front. But in the longer term it will also deepen our trade deficit.

THE WHITE HOUSE

WASHINGTON

April 25, 1978

91

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *F.M.*
LES FRANCIS *Les Francis*

SUBJECT:

Phone Calls the President Requested
Cabinet Officers to Make regarding
Civil Service Reform

Attached is a report on the results of phone calls placed
to Members of Congress by members of your Cabinet on the
Civil Service Reform issue.

cc: The Vice President
Hamilton Jordan

COMMERCE: Kreps was given Metcalfe and Collins but because they would be contacted by others, she will hold off until we have complete reading. Andy said that was cleared through Les. She did, however, contact the following:

Staggers: Great deal of interest in helping.

J. Murphy: Very strong supporter of bill.

Santini: Will help push out of Committee, but has no position on the bill.

Markey: No position on the bill, but will help get it out of Committee.

Walgren: Supports, no problems.

Luken: Will help push out of Committee.

Lehman: Entirely supportive.

DEFENSE:

Rousselot: In general, he is favorable. However, if collective bargaining is part of the package, he will not support and feels that Minority Members will not support. He doesn't feel that the 10-yr veterans preference is unreasonable, but there are obvious problems with veterans.

He was rather strong about getting "your own people" going -- Said the Chairman is ducking, no one is taking the lead, Udall hasn't even shown up -- "I'm Republican, I'm for the bill, get the Democrats together".

Also noted on timing, that Nix should report it out until his primary is over.

Chas. Wilson: Somewhat uneasy about what he perceives to be the politicizing of the Civil Service as Nixon did. Wants to support, principles are good, but still undecided....his staff is still analyzing. (Also concerned about the collective bargaining.)

DEFENSE (CONT)

White (TX): If collective bargaining is in, forget him. Veterans can be worked out. Concerned about reorganization plan contemplating two separate organizations -- "both will grow" -- there should be some kind of cap limitation on size in the legislation. He is for objectives of proposal provided collective bargaining is not included.

Lott: Supports as drafted; veterans 10-year cut-off may not be enough. Has talked to OMB re grandfather clause. Also says he cannot support if collective bargaining is part of the package.

JUSTICE: The Attorney General is having lunch early next week with Herb Harris when they will discuss at great length the Civil Service issue and report back to us.

EPA: Barbara Blum spoke to Pat Schroeder:

Pat was favorable but felt that procedurally, she had problems. There would be problems if CS legislation was dealt with at full Committee level and would have better chance of success if taken to the subcommittee level, i.e., her subcommittee and Clay's and Spellman's.

Pat also expressed concern that Udall who should and could be of great assistance & support has not been too enthusiastic; by his actions (not attending meetings), he has not shown very much support.

Finally, she expressed concern over Ryan & Metcalfe who have both expressed interest and willingness to support but have not been attending the meetings to make a quorum.

TREASURY: Blumenthal met with Jim Leach:

While not wedding himself to the bill in detail, he considers the proposal worthy. His would be constructive criticism: he may favor some strengthening of the proposal and pointed out that most of the problems were on the Democratic side of the Committee. He pledged his cooperation in getting Committee quorums and for prompt consideration of the proposal.

TREASURY (CONT)

Blumenthal also spoke to Ullman who pledged his support of the reform measure when it gets to the House floor -- but indicated that he could not bring pressure to bear on the Civil Service Committee because of the number of other interests he was pursuing.

GSA: Jay Solomon met with Bill Lehman:

Lehman expressed willingness to be most cooperative with the Administration and, in fact, made several calls to Committee counsels in Solomon's presence. He feels that key members of the Committee are Wilson, Hanley, Clay & Ford. He doesn't feel that Republicans on the Committee will be supportive in reaching quorum because they do not want to go out of their way to help the Administration.

Lehman called Solomon back later and said that, after further discussion with David Minton who is the Exec. Director and General Counsel of the P. O. & C. S. Cmte, the key to resolving the problem is the collective bargaining issue and that the President should personally call Congressmen Ford and Clay about this issue.

LABOR: Secy Marshall spoke with Bill Ford and Mike Myers. He was to have breakfast this morning with Ford to continue their discussions:

Mike Myers: Has not really focused on Civil Service reform. He is preoccupied with his election primary on May 16.

Ford: The Administration handled Civil Service reform badly from the political point of view. Not adequate consultation with Congress or public employee unions. The indication that we had support from "the federal employee union" (AFGE) antagonized many of the 25 other unions representing federal employees, causing them to denounce the program.

Ford also said we were insensitive to union concerns in the language used to express opposition to proposals requiring "compulsory payment of union dues," which is language used by the right-to-work forces.

LABOR (CONT):

Ford: Ford and other members of the Committee have met with the unions and have agreed to try to broker a deal with the Administration. He points out that union support is necessary to moving a bill in the Committee, but he recognizes that the union bill (HR 9094) probably could not pass on the floor. Ford believes, however, that a bill coupling Civil Service reform with legislation supporting collective bargaining for federal employees could pass the Committee. He suggests we attempt a compromise between Administration's proposals and H.R. 9094, which has considerable pride of authorship support in Committee. He argues that HR 9094 gives the President the political advantage of proposing Civil Service reform, but not legislation on collective bargaining.

Secy Marshall will give the President a report on his meeting with Ford this morning as well as a report later this week after he meets with Mike Myers.

Marshall also was in touch with AFL-CIO to get their support and got some from Tom Donahue who will attempt to sell our proposals to the Public Employee Department, AFL-CIO, whose officers met yesterday afternoon and Marshall will report on that meeting to us also.

TRANSPORTATION:

Gene Taylor: In support of the Civil Service reform. If reminded, he will attend the meeting at the White House when it is called.

Taylor objects to veterans preference provisions, since preference is being given to minorities and blacks. He feels the issue must be reconciled but does not feel this is impossible.

STATE: The Secretary spoke with the following Members and reported that all were positive in their support.

Steve Solarz
Leo Ryan - would go all out for the President
Ben Gilman
Dante Fascell

STATE (CONT)

Charles Diggs
Lester Wolff
Helen Meyner
John Buchanan
Robert Nix
Ed Derwinski

INTERIOR: Secretary Andrus called Frank with the following:

Udall: Concerned about timing. Will be helpful and will attend those meetings which are essential and need his presence.

Metcalf: Will be helpful and supportive.

S B A:

Hanley: Generally positive but is concerned about "politicizing" the Executive Service portion and will probably move cautiously. "Got burned" on veterans preference changes.

Philosophically, he's with the Administration, but wants to move slowly.

Corcoran: Vernon Weaver may have contacted him, but staff doesn't have any feedback yet. Weaver is out of town for a few days; his staff will report back to us upon his return.

STR:

Hanley: Told Bob Strauss he had spoken with the President regarding his concerns.

Collins: Negative about the labor aspects. Concerned about the Executive Service portion.

Udall: Supportive -- wanted to talk to Strauss about a fundraising speech in Tucson in May.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

April 25, 1978

MEMORANDUM TO: The President

THROUGH: Frank B. Moore
Assistant for Congressional Liaison

SUBJECT: Civil Service Reform Meetings with
Members of Congress

I met on April 25, 1978, with the following Members of Congress on President Carter's Civil Service Reform package:

Jim Leach (R) - Iowa
Bob Garcia (D) - New York
Gladys Noon Spellman (D) - Maryland

Jim Leach (R-Iowa) - Congressman Leach appears to be very supportive of the legislation. He personally stated that the proposed reforms do not go far enough. He did express some concern about veteran's preference. He plans to participate in the mark-up when it is scheduled.

Robert Garcia (D-New York) - Congressman Garcia is supportive of the Civil Service Reform package. Garcia's main concern was that substantial efforts be made to hire more minorities. He plans to participate actively in the mark-up and is willing to help the Administration in any way he can.

Gladys Noon Spellman (D-Maryland) - Congresswoman Spellman is opposed to having the mark-up session within the next two weeks. She expressed concern about the lack of Federal employees' knowledge of the Civil Service Reform Act of 1978. She stated that the Administration should do more selling of the reform to Federal employees.

The following specific points were made by Congresswoman Spellman:

1. At a recent meeting she held at the Kettering Foundation where 99% of those in attendance were Federal employees, only two people said that they understood the proposed reforms.

2. Civil Service Commission should hold briefings on Civil Service Reform for all Federal employees. A more thorough job of education of Federal employees is essential if there is to be Congressional support. She said even Cabinet Officers do not understand it fully.
3. Mrs. Spellman plans to hold hearings and meetings with as many Federal employees as possible on Civil Service Reform. She does not want the mark-up until she finishes her meetings.
4. She expressed fear that women at the GS-13 level who are seeking management positions may be adversely affected by this proposal because of an alleged statement by Alan Campbell that most women managers would be recruited from the outside because women currently in government are at too low a level to be part of the Senior Executive Service. Mrs. Spellman objects to this apparent limitation on the upward mobility of present women civil servants.
5. While she recognizes that two weeks may not affect attitudes one way or another, Mrs. Spellman believes that the request for mark-up within the next two weeks is not reasonable or necessary.

The big problem with Mrs. Spellman is the upcoming primary in July, and she would clearly like to delay action on Civil Service Reform until after that date.

Pat

Patricia Roberts Harris



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

April 25, 1978

FOR THE PRESIDENT

THROUGH FRANK MOORE

FROM JOE CALIFANO *Joe*

I talked to Bill Ford today about the Civil Service Reform Act. He said that he wanted to help get a bill, but that he felt the Administration was, out of one side of its mouth asking him, Bill Clay and others to negotiate a deal with the labor unions; and, out of the other side of its mouth, dealing directly and ineffectively with the AFGE and younger members of the Committee.

He said that, if the Administration were willing to give the unions statutory collective bargaining rights, it could get a bill. He was also concerned that the Administration recognize that (1) the AFGE was the "biggest, oldest and softest marshmallow" among all the unions and could not speak for them, and, (2) that talking about collective bargaining in the context of the Kennedy Executive Order was offensive to unions unfavorably disposed toward that order.

Ford said the biggest problems on the House Committee were the members from areas neighboring Washington, D.C. who had decided to try to kill any bill by delay.

Ford indicated that he and Bill Clay were working closely together on the bill, so I did not bother to call Bill Clay as Andy Young had requested.

Ford is very supportive of those provisions of the bill that provide flexibility in the middle management personnel area.

cc: Andy Young

9:00 AM

THE WHITE HOUSE

WASHINGTON

April 25, 1978

MEETING WITH THE CONGRESSIONAL BLACK CAUCUS

Wednesday, April 26, 1978

9:00 a.m. (20 minutes)

The Cabinet Room

From: Frank Moore

Fm / cnfj

I. PURPOSE

To discuss matters of mutual interest with the Congressional Black Caucus.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: The following pieces of the urban policy are of particular interest to the Congressional Black Caucus:

Federal Procurement from Minority Businesses: Last September, the President committed the Administration to doubling the amount of Federal procurement from minority businesses within a two year period (September 20, 1977 through September 30, 1979). This would increase procurement from minority businesses to above \$2 billion. In the urban policy message, we committed the Administration to tripling minority procurement over this same period, thus lifting it to over \$3 billion.

Minority Business Set-asides in Grant-in-Aid Programs: The urban policy commits the Administration to establishing minority business set-asides in the grant-in-aid programs. These set-asides would vary from program to program, but would be similar to the 10 percent set-aside in the Local Public Works Program. (This set-aside was proposed by Rep. Parren Mitchell). Five agencies -- Commerce, HUD, DOT, Interior and EPA -- proposed these set-asides as part of the urban policy process.

Private Sector Jobs Initiative: The Administration proposed, as part of its CETA legislation, a \$400 million private sector jobs initiative. This initiative will provide funds for training subsidies to private sector businesses that hire the disadvantaged and long-term unemployed. This initiative gives a real financial incentive to private sector firms to hire disadvantaged youths.

Employment Tax Credit: As part of the urban policy, we proposed an employment tax credit to encourage private businesses to hire disadvantaged youths. The credit would be for \$2000 the first year and \$1500 the second year for each disadvantaged youth hired. The credit would be available for all youths (ages 18 to 24) who come from low-income households (below 70 percent of average income). This program would provide a strong tax incentive to large and small businesses to hire the disadvantaged.

Labor Intensive Public Works Programs: As part of the urban policy, the Administration proposed a \$1 billion a year labor-intensive public works program. A principal feature of this legislation is our proposal to insure that half of the jobs go to the long-term unemployed and disadvantaged. This proposal, which originally was supported by the Building Trades, is now the subject of some controversy. You could ask for the help of the members of the Black Caucus in insuring that half of the jobs in this program actually go to those most in need.

Targeting: Your urban policy makes a strong commitment to targeting Federal resources -- both from existing and new programs -- to the areas that need Federal help most. These areas typically are represented by Members of the Black Caucus. The President should ask for the Caucus' help in fighting for the high degree of targeting that he has recommended.

Participants: The President, Members of Congress on attached list, the Vice President, Stu Eizenstat, Richard Moose, Derrick Humphries and Barbara Williams of the Black Caucus staff, Valerie Pinson, Jim Dyke, Madeleine Albright.

Press Plan: White House photographer only.

III. TALKING POINTS

1. Reps. Nix, Collins and Diggs are on the House

International Relations Committee and are undecided on the Turkey issue. You might want to urge their support for our position. You might also want to bring up the entire arms sales issue.

2. You should also urge the support of the entire Caucus for urban policy, especially the National Development Bank, labor intensive public works programs, tax investment credit and fiscal assistance.

Note:

The following Members would like to brief you on the listed topics:

Shirley Chisholm -- Tuition Tax Credit and White House Liaison

William Clay -- Hatch Act

Charles Diggs -- International Initiatives

Ralph Metcalfe -- Housing and Employment Problems

BACKGROUND

Yvonne Burke (D-Calif-28). Committees: Appropriations, (28). Administration support: 78.4%. Husband: Bill.

✓ Shirley Chisholm (D-NY-12). Committees: Rules, (10). Administration support: 88.4%. Husband: Arthur.

Bill Clay (D-Mo-1). Committees: Post Office and Civil Service, (7), Chairman - Subcommittee on Civil Service; Education and Labor, (9). Administration support: 87.9%. Wife: Carol.

Cardiss Collins (D-Ill-7). Committees: District of Columbia, (14); Government Operations, (11), Chairman - Subcommittee on Manpower and Housing; International Relations, (14). Administration support: 84.6%.

○ John Conyers (D-Mich-1). Committees: Government Operations, (9); Judiciary, (5), Chairman - Subcommittee on Crime. Administration Support: 87.9%.

Ron Dellums (D-Calif-8). Committees: Armed Services, (16); District of Columbia, (2), Chairman - Subcommittee on Fiscal Affairs. Administration support: 86.4%. Wife: Leola.

Charles Diggs (D-Mich-13). Committees: District of Columbia, Chairman; International Relations, (4), Chairman - Subcommittee on Africa. Administration support: 91.7%. Wife: Janet.

Walter Fauntroy (DC). Committees: Banking, Finance and Urban Affairs, (10); District of Columbia, (3).

Harold Ford (D-Tenn-8). Committees: Ways and Means, (19). Administration support: 86.0%. Wife: Dorothy.

Ralph Metcalfe (D-Ill-1). Committees: Interstate and Foreign Commerce, (12); Merchant Marine and Fisheries, (10), Chairman - Subcommittee on Panama Canal; Post Office and Civil Service, (16). Administration support: 90.9%. Wife: Madalynne.

Parren Mitchell (D-Md-7). Committees: Banking, Finance and Urban Affairs, (9), Chairman - Subcommittee on Domestic Monetary Policy; Budget, (5), Chairman - Subcommittee on Human Resources. Administration support: 95.5%.

Robert Nix (D-Pa-2). Committees: Post Office and Civil Service, Chairman; International Relations (5). Administration support: 84.1%.

BACKGROUND (Continued)

Charles Rangel (D-NY-19). Committees: Ways and Means, (11). Administration support: 88.9%. Wife: Alma.

Louis Stokes (E-Ohio-21). Committees: Appropriations, (21); Budget, (7). Administration support: 93.3%. Wife: Jeanett.

NSC ATTACHMENT

THE WHITE HOUSE
WASHINGTON

MEETING WITH BLACK CAUCUS MEMBERS

Wednesday, April 25, 1978

9:00 a.m. (20 minutes)

Cabinet Room

I. PURPOSE Regular Follow-up Meeting with Black Caucus Members

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

A. Participants:

The President
The Vice President
Valerie Pinson
David Rubenstein
Dick Moose
Tom Thornton

B. Press Arrangements:

White House Photographer

III. ISSUES FOR DISCUSSIONS

1. -- Review your reactions to your visits to Nigeria (where you saw Charlie Diggs) and Liberia. Evidence of a new spirit of involvement in Africa and a desire to address problems in the terms of Africa.

-- Obviously this is made much more difficult by actions of Cuba and the Soviet Union.

2. -- During my visit in Nigeria I pledged an increase in US assistance to the African Development Fund. I will need your support in Congress for this and, of course, other foreign assistance matters.

3. -- Southern Africa was a principal topic of my conversations. I know of your concern expressed in recent letters to Zbig Brzezinski and me. Let me review the situation since that exchange of correspondence.

-- The Vance-Owen Mission to Rhodesia did not produce the immediate results we sought. Nonetheless, it kept the ball in play which is important if the Patriotic Front is not to decide that it has no choice but to turn to the Soviets and Cubans, and if Salisbury group is not to decide it has no choice but to ride an incomplete, unjust settlement into civil war.

-- In fact, we did achieve significant ends in that the Patriotic Front agreed to a UN presence and a Resident Commissioner in the interim period. And, of course, they accepted the idea of an All-Parties Conference. Their demands for a dominant voice in the interim period were, however, disappointing.

-- I greatly regret the apparent refusal (announced yesterday) of the Salisbury group to attend a meeting. We do not accept this as final, however, and will keep in contact with both parties to define the issues further and keep diplomatic options open.

-- The Anglo-American Plan can still provide the vehicle for negotiations when the parties are more ready. We will not turn away from it or from the Rhodesian problem as a whole.

-- As you know, the domestic pressure to recognize the internal settlement is great. I am determined to maintain a posture of objectivity and neutrality and will need your help in promoting greater public understanding of our policy.

4. -- I am greatly encouraged by the South African acceptance of the Contact Group's plan for Namibia. I hope that SWAPO will see fit to follow suit soon.

5. -- I stand by my determination to push for a more just social and political order in South Africa. We have gone further than any previous Administration but there is still a long way to go.

-- If we are to be effective, we need great flexibility to prod the South Africans when it will do the most good.

-- That is why I am doubtful about the wisdom of a Congressionally-directed cutoff of EXIM activity with regard to South Africa. We certainly have this step in mind, but want to be able to take it when it will do the most good.

-- Our economic relations are under continuing review. Again, we must be careful not to use the limited means at our disposal until they can be fitted to a specific goal.

6. -- Similarly in the nuclear field, we want to maintain the option of some nuclear relationship with the South Africans as a means of moving them towards the objectives of NPT signature and full-scope safeguards. We are pressing them hard on both of these and Cy Vance discussed this with Foreign Minister Botha when he was in Pretoria.

7. (If asked) -- On Uganda, we understand your concerns expressed in the Pease Bill (proposing an economic boycott), but cannot agree that such legislation would either protect Ugandans and others currently there, or could be made effective.

(Note: We understand that the Caucus may raise the question of a meeting with Malawi President Banda late this week. Recommendations on that are enroute to you. You may want to say that you have it under consideration and will have to see; that your schedule is heavy. You could also point out that you will be seeing Kaunda and Senghor soon, in addition to the other African visitors whom you have already received.)

THE WHITE HOUSE

WASHINGTON

April 25, 1978

MEMORANDUM TO THE PRESIDENT

FROM: HAMILTON JORDAN *HJ*
SUBJECT: Breakfast for Labor Leaders

You approved holding two dinners for labor leaders this year. Landon and I have been discussing this with Tom Donahue of the AFL-CIO for the past several months and Tom has now suggested that we hold a breakfast for labor leaders during the second week in May, which is when the Labor Law Reform is likely to go to the Senate floor.

The purpose of the breakfast would be to demonstrate the Administration's commitment to Labor Law Reform, and to rally support at a critical time. I recommend that we schedule such a breakfast. Tim has set aside thirty minutes of your time on the morning of May 9, subject to your approval.

If you approve, you may want to mention the breakfast to Mr. Meany at your meeting with him tomorrow morning.

~~Unauthorized Copying and
Distribution Prohibited~~

10:00 AM

THE WHITE HOUSE
WASHINGTON

April 25, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: LONDON BUTLER *LB*
SUBJECT: Meeting with George Meany

DATE: Wednesday, April 26, 1978

TIME: 10:00 to 10:10 a.m.

LOCATION: The Oval Office

I. PURPOSE

Mr. Meany requested this meeting with you to discuss Labor Law Reform.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: Before Senator Byrd will send Labor Law Reform to the Senate floor, he wants Mr. Meany to assure him that the bill will have the President's full support.

Mr. Meany, in this meeting today, will ask you to confirm that you will actively support Labor Law Reform when it goes to the floor.

Ham, Frank, Stu and I recommend that you reconfirm your commitment to Labor Law Reform, but that you express clearly to Mr. Meany that you are dissatisfied with the present relationship between the AFL-CIO and the Administration.

- B. Participants: George Meany and Landon Butler.

- C. Press Plan: No press will be present.

III. TALKING POINTS

- You should confirm your intention to support Labor Law Reform on the Senate floor. You might also remind Mr. Meany that you submitted the legislation with a message to Congress, and you personally spent a great deal of time going over each item one by one.

Further, you are prepared to support the bill publicly by hosting a White House breakfast for labor leaders on May 9 in order to rally support for Labor Law Reform at a crucial time.

- However, you are extremely annoyed that the AFL-CIO does not choose to acknowledge to its members that Labor Law Reform is sponsored by the Administration, and that the effort would not stand a chance without the Administration's unwavering support.

You have read the text of Mr. Meany's speech to the Building Trades Legislative Conference (see attached), and noted that Mr. Meany discussed Labor Law Reform for half the speech, and did not once mention the Administration.

- You are also distressed that the AFL-CIO has only paid lip service to such Administration efforts as tax reform, energy, and hospital cost containment.
- In summary, the Administration has actively supported the AFL-CIO agenda; you expect from the AFL-CIO active support for our programs in return. An occasional press release is not enough.

Further, you expect Mr. Meany and other top labor officials to give credit where credit is due in their public statements. The relationship between the AFL-CIO and the Administration cannot continue to be a one-way street.

NEWS

from the

AFL-CIO

DEPARTMENT OF PUBLIC RELATIONS

(202) 637-5010



For Release:

Following is a transcript of a speech by AFL-CIO President George Meany at a legislative conference of the AFL-CIO Building and Construction Trades Department at the Washington Hilton Hotel, Washington, D.C., Monday, April 17, 1978:

I am happy to come once again to the legislative conference of the Building and Construction Trades Department. I cannot overemphasize the importance of this conference or the importance of your presence here in Washington.

You know elections on election day in November every second year are the name of the game, as far as legislation here in Washington is concerned. Sure, these fellows over on Capitol Hill, respect your officers. I'm sure they respect the officers of the American Federation of Labor and Congress of Industrial Organizations.

But the important thing to them are the elections held every two years, and those elections are not held in Washington. They are held back where you live. And that's the reason this legislative conference is important -- the presence of so many hundreds of representatives of labor at the local level.

There are many issues facing labor today. If I tried to talk to you about all of them, I would be here all day. We have the Full Employment Bill -- the Humphrey-Hawkins bill -- which has passed the House; we're concerned with tax justice; we're concerned with fair trade legislation, which will do something to keep American jobs here at home. We're concerned with national health insurance, which affects everybody in America. And we're concerned with something that affects us directly, known as labor law reform. So I'm going to say a few words to you about that and then perhaps something about another national problem that affects everybody -- that's the problem of inflation.

We are attempting to amend the National Labor Relations Act which was passed 43 years ago. And it was passed and placed on the statute books to bring equity between workers and their employers on the question of labor relations and on the question of collective bargaining.

For many, many years, numerous employers have flaunted this act, have refused to obey the decisions of the National Labor Relations Board and have done everything in their power to prevent the real purpose of the law from being applied, which is to allow workers to freely speak for themselves as to the conditions of life and of work and the conditions under which they will be employed.

Our proposals are to bring this law up to date; to insure that the workers get the protection intended. I'm sure you are familiar with this bill, known as Labor Law Reform.

This bill has brought out the greatest concentration of labor haters that I've ever seen in all my years in Washington. This opposition is spearheaded by the National Association of Manufacturers. They are spending millions of dollars, using scare tactics, the "big lie" technique, fictitious polls and phony research findings that are being swallowed up by some of the media, both the press and the radio and television.

They forecast huge increases in union members -- in other words, they say that if this bill passes there is going to be a tremendous increase in union membership, which amounts to a confession that only illegal tactics of unfair employers have they been holding back union organization.

I'd like to speak about the record of the NAM very briefly. For 75 years this organization -- 100% anti-labor, anti-people, pro-profit, pro-business -- has opposed every single legislature measure, every single improvement in the life of those who work for wages. If it was up to the NAM, we would not have workmen's compensation laws on the statute books of this country. They fought them tooth and nail. We would not have unemployment insurance. I went through that experience myself, fighting them many years ago. We would not have Davis-Bacon, we would not have minimum wages; we would not have occupational health and safety. You name it -- anything that made life a little more decent for those who work for wages was opposed lock, stock and barrel by the NAM.

Listen to the words of the NAM from 75 years ago, and I'm now quoting, "The stronger the labor movement grows, the greater menace it becomes to the continuance of free government in which all the people have a voice. It is, in fact, a despotism springing into being in the midst of a liberty-loving people. Organized labor," they said, in 1903 had "concluded that the time was ripe to make Congress engraft upon the statute books of the nation its sprigs socialism, legalizing those denials of individual rights which it has heretofore sought to enforce. It drew up and followed the 8-hour day and the anti-injunction bill," -- these were the sins of the labor movement in those days. The 8-hour day, according to the National Association of Manufacutrers at that time, "should have been called an act to repeal the bill of rights, guaranteeing the freedom of the individual and the anti-injunction bill should have been called a bill to legalize strikes." And this was a terrible sin.

I wonder what they would think about the doctors who are on strike in Washington this morning.

They also called for "employer associations to work together to make it possible for thousands of men to shake off the shackles of unionism which they unwillingly bear." And employers associations were called upon to "furnish protection to the independent workman who holds dear the right to dispose of his labor as he sees fit." Of course, he might hold dear the right to belong to a union but that is not a right he should have. And they promoted the idea of employer associations then as they are now doing in 1978.

Now in 1978 this same crowd, after all these years when the labor movement has proven that the trade unions of America are a responsible partner in democracy and free enterprise, is once again calling on employers to join together -- this time they call it (I've got one of their brochures here) -- the Council on Union Free Environment. This Council plans to build employee loyalty and support for the boss. The president of the NAM, Mr. Larry, said the other day, "We see no need for a third party to come between the employer and the employee." In other words, the woman who scrubs the floor in a 50-story building owned by the Mobile Oil Corporation should have every right to deal with the Board of Directors of the Mobile Oil Corporation directly without the interference of the Service Employees Union.

Well, they're setting up this separate subsidiary of the NAM and they pay a little respect to the capitalistic system. They charge a little dues, the employer fees run from \$225 a year to \$1500 a year.

When you read this brochure very carefully, you'll find out that they are not for a union free environment at all. They are for an environment free of free unions. When you set it all down, what they're really advocating is something that we had in this country, something that we fought in this country for the last 100 years -- the establishment of company unions, unions that get along with the employer and that don't cause any disturbance, like you fellows here do. In other words, nice, quiet, decent citizens, who don't rock the boat.

Now the labor law reform bill is set up to eliminate some of the abuses that I'm sure you're familiar with. We're undoubtedly going to face a filibuster and, if the filibuster fails and we believe we have the votes to get the bill to the floor, our opponents will try to amend it to death. They have hundreds of amendments, as they did in the House where we passed it last fall.

However, from what we hear, they will concentrate on three amendments. They want to throw out the specific number of days before NLRB elections must be held. They want to weaken the provisions for union access to plants after an employer holds a captive audience session. And they want to exempt employees of small business and some of them define small business as one which has less than 250 employees.

Now if elections are not speeded up and unions are denied a chance to reply to distortions by management, there would not be much reform left in the bill. Exempting small business would hurt construction workers as much as anybody. Only 3 percent of all the construction companies in the country have as many as 50 employees, 62 percent no more than 5. So you can understand just what the small business amendment would do, as far as applying NLRB reforms to the construction industry.

So we've got to do everything that we can to get this bill to the Senate floor and to keep it from being watered down. Union members in the last year have done a magnificent job of grassroots lobbying. At last count, they had sent out no less than 2,035,000 cards and letters to their Senators, in addition to many, many visits and phone calls. This is an unprecedented response to our call for help but we cannot sit back and rest on that. We have to keep the pressure on, until the bill is passed by the Senate, reconciled in conference with the House and then passed again and placed on the desk of the President.

Now let me say a few words about inflation, which today is the big topic in this country. You know things change very rapidly. A few weeks ago, a couple of months ago, jobs were the big problem -- so we had a slight drop in unemployment and now the big deal is inflation.

Let me say this at the outset, we have a real interest in inflation. Our people pay the high prices and our people are the primary sufferers -- the middle income and the low income people are the primary sufferers from high prices.

The average production worker in private industry today -- and this is a matter of record -- can buy less than he could five years ago. The average weekly wage in January 1973 was \$140, in January 1978 it was \$193. But the real buying power, measured by our researchers and backed up by private, independent researchers, is down \$7 a week.

Now what are the basic factors behind inflation? One thing -- its not a wage-price push. Every economist, government and all others, agrees with that. But what are the basic factors? Rising costs of energy -- that's oil, gas -- rising costs of food, rising costs of health care, the rising land costs and, perhaps the No. 1 villain, high interest rates.

When we look at the building industry, when we see where it was 20 years ago when the on-site labor costs, as a percentage of the purchase price, was about 33%, today it's down to less than 17%. But the land costs and the cost of hiring money have all gone into a tremendous inflationary spiral in the building industry.

What is it that is holding back housing? What is holding back tens of thousands of people in this country who want to buy homes? We know what it is. It's the high interest rates. It's the cost of paying off a mortgage for 30 years at an interest rate of 9, 9½, 10 10½%, that's what's holding it back.

In 1977, the cost of food, according to the CPI, went up 8%. The cost of shelter, housing and the like of that 8.7%. Energy prices, 7½%, medical care almost 9%. Against an overall CPI increase of 6.8%. This year, again we find that the major increased items are fuel, food, medical care, interest rates, and so forth.

We constantly hear, however, from the bureaucrats, the economists, the media that something must be done about high wages. They admit -- and these are the government economists, fellows like Charlie Schultze and Mike Blumenthal -- that there is no wage-price push, that wages are not the cause of inflation, that they are the result of inflation. But still they keep talking about bringing about stability through controlling wages and prices.

Now, of course, to me that's a joke, they never control prices. We had that experience under Nixon. They did control wages quite effectively but not prices.

And then we have the Council on Wage and Price Stability. This is an outfit which is supposed to examine everything and find out what it's going to cost to put any particular piece of legislation or regulation into effect. In other words, if you have a regulation that's going to protect the health of a worker on the job, going to keep him from perhaps losing his life, the Council on Wage and Price Stability has to sit down and find out just how much that's going to cost and find out if the cost is too much. And if the cost is too much, then you don't get the regulation to protect the workers.

They're highly critical now of the miners wage settlement. They say that the miners wages -- this is an official White House agency -- are too high. And this last settlement, they say, has been a disaster, that it is going to cause a tremendous increase in the inflation rate.

Well, I'd like to state that as far as I'm concerned, no matter what you pay the miners, you don't pay them enough.

When you consider the conditions under which they work, when you consider that they risk their lives everyday they go down in those shafts, when you consider the prevalence of black lung and all the other risks, then I don't think that any wage is too high.

However, the Council on Wage and Price Stability made this comment that the wage increase of the miners is a disaster -- a calamity -- and the odd part of it is that wage increase were negotiated in the White House, with the Secretary of Labor and all the other representatives of government. And nobody said anything about it at that time. The main idea, last February and March, seemed to be to get the miners to go back to work.

However, the Council of Wage and Price Stability made no comment whatsoever about coal prices. That's rather odd. Because in 1969 coal was selling for \$4.99 a ton; in 1977, it's selling for \$21 a ton. So it went up 100% in 8 years. The miners wages between 1969 and 1977 went up 80% but the price of coal went up 100%, and still we have this government agency -- the Council of Wage and Price Stability -- talking about the miners wages and not about the price of coal.

The President spoke last week, spoke about inflation and I was happy to hear him say that he was opposed to controls. He didn't say anything about interest rates, but I guess that was an oversight.

THE WHITE HOUSE

WASHINGTON

April 25, 1978

MEETING WITH SENATOR MIKE GRAVEL
AND TWO MEMBERS OF OMAR
(ORGANIZATION FOR
MANAGEMENT OF ALASKA
RESOURCES)

Wednesday, April 26, 1978
12:15 p.m. (5 minutes)
The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

Presentation of a plaque commemorating the Alaska Pipeline.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Gravel has requested this meeting as a personal favor. As you know, he was very active on the floor during the Panama Canal debate, so we recommended the event take place.

The Organization for Management of Alaska Resources (OMAR) is a "chamber of commerce" for the state, originally organized to encourage construction of the Alaskan pipeline. Senator Gravel will benefit greatly from his success at arranging this photo opportunity.

OMAR is associated with another group called Citizens for Management of Alaskan Lands, a group opposed to our Alaska lands legislation. To be on the safe side, we have told Senator Gravel that any discussion of the "d-2 lands" issue would be totally inappropriate at this meeting. He has promised that this issue would not be raised.

- B. Participants: The President, Senator Gravel, Guy Stringham, Mary Jo Evans, Heidi Boucher (the Senator's AA), Frank Moore and Bob Thomson.
- C. Press Plan: White House Photo Only.

III. TALKING POINTS

1. The brevity and nature of this meeting should not require any detailed comments, other than an informal exchange about the oil pipeline as an exemplary engineering fete, or perhaps an exchange about the economic benefits Alaska has derived from the pipeline.
2. As noted above, Senator Gravel has promised the subject of Alaska land legislation will not come up. However, in case it does, Interior has drafted these brief remarks for your reference:

"Now, and for the next several months, Congress will again be dealing with Alaska, but this time on a much larger scale. I have asked the Congress to designate more than 92 million acres of federal land in Alaska as additions to our national park, wildlife refuge, wild and scenic river and forest systems.

"These proposals, designed by Interior Secretary Cecil D. Andrus, were carefully researched to be sure they protected the essence of Alaska's magnificent living and scenic resources. The nation's largest remaining herd of free roaming animals, its most prolific bird nesting areas, its largest populations of bald eagles and its highest mountains and biggest uncut forests will all be protected.

"But since the proposals were so carefully designed, they leave most of Alaska potentially open for development. They balance the national need for resources against future needs to protect a small piece of our magnificent natural heritage."

THE WHITE HOUSE

WASHINGTON

April 25, 1978

GREET THE WEST VIRGINIA STRAWBERRY QUEEN, NANCY L. RIFFLE

Wednesday, April 26, 1978

12:05 p.m. (5 minutes)

The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To greet the West Virginia Strawberry Queen, Nancy Riffle.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: The request for this appointment was made by Chairman Harley O. Staggers. The Queen of the West Virginia Strawberry Festival has met with every President since the first meeting with President Kennedy. Chairman Staggers takes enormous pride in the West Virginia Strawberry Festival, and this short greeting means a great deal to him.
- B. Participants: The President
Ms. Nancy L. Riffle, West Virginia Strawberry Queen
Chairman Harley O. Staggers (D-W.Va. 2)
Mrs. Harley O. Staggers
Mr. Daniel C. Staggers, son of Chairman and Mrs. Staggers
Mr. Osburn R. Riffle, father of the Queen
Mrs. Beulah Riffle, mother of the Queen
Mr. Randall H. Sanders, Strawberry Festival Director
Mr. H. Gene Starr, Strawberry Festival official
Ms. Patricia Ann Brown, Miss West Virginia, 1977
Ms. Marguerite Furfari, Administrative Assistant to Chairman Staggers

- C. Press Plan: White House photographer

III. TALKING POINTS

Usual courtesies.

THE WHITE HOUSE
WASHINGTON

April 25, 1978

MEETING WITH NATIONAL EDUCATIONAL ADMINISTRATOR OF THE YEAR
AND EDUCATIONAL SECRETARY OF THE YEAR

Wednesday, April 26, 1978
12:20 p.m. (5 minutes)
The Oval Office

From: Frank Moore *F.M./MR*

I. PURPOSE

To greet the National Educational Administrator of the Year and Educational Secretary of the Year, at the request of Rep. David Evans (D-6-Ind.).

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: The National Association of Educational Secretaries have selected as the recipients of their annual national awards Dr. Charles Jordan as National Educational Administrator of the Year and Mrs. Ardis Morton as the Educational Secretary of the Year.

Dr. Jordan is from Indianapolis, Indiana and is Superintendent of the Metropolitan School District of Pike Township (a suburban area northwest of Indianapolis with a student population 4,000). He received his B.S., M.A., and Ed.D. degrees from Ball State University in Muncie, Indiana. He has served as School Superintendent, Junior and Senior High School Principal, Director of Guidance, Counselor, Teacher and Coach. He has received special recognition and numerous awards for his many contributions to education and his community. Dr. Jordan's wife, Lela, will be accompanying him.

Mr. Morton of Vienna, Virginia has been an elementary school secretary in Fairfax County for the past 15 years. She is a member of the Secretarial Science Advisory Board of Northern Virginia Community College and in this capacity helps set up courses for educational secretaries. She is past President of her local and state associations and has served NAES (National Association of Educational Secretaries) as Co-chairman of the Ways and

Means Committee and as a member of the Public Relations and Nominating Committees. She and her husband, Robert, have been married for 34 years and have 4 children. (He will be accompanying her tomorrow). The Morton's are active square dancers and participate in local, state and national square dance festivals.

Participants: The President, Rep. Dave Evans, Dr. and Mrs. Charles Jordan, Ardis and Robert Morton, Frank Moore, and Bill Cable.

Press Plan: White House Photographer.

THE WHITE HOUSE
WASHINGTON

April 26, 1978

Frank Press

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Stu Eizenstat

RE: PRODUCTIVITY AND INNOVATIVE-
NESS IN US INDUSTRY

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to
	Carp/Huron within
	48 hours; due to
	Staff Secretary
	next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
/	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

April 24, 1978

9002
J

MEMORANDUM

TO: THE PRESIDENT

FROM: Frank Press *FP*

RE: Productivity and Innovativeness in U.S. Industry

The enclosed is an example of a large number of recent articles dealing with the decreasing ability of U.S. industry to innovate and develop new, competitive products. The connection between industrial innovation and balance of payments, inflation, unemployment, economic growth, world technological leadership is cited in all the articles.

You should be receiving a proposal for a Domestic Policy Review of industrial innovation this week from Stu, which has been put together by OSTP and DOC.

An Administration initiative dealing with improved industrial innovation would be popular with the public, industry and labor. From discussions on the Hill, I would anticipate strong Congressional support.

I suggest that you consider raising this issue in your discussions with industrial and labor leaders and in speeches. I believe it would be natural for the Carter Administration to make the issue of productivity and innovativeness of U.S. industry a major initiative. It is an issue whose time has come and it would be politically popular.

'EMPIRE' ERODES

U.S. Slips as
World Leader
in Technology

BY ROBERT C. TOTH

Times Staff Writer

WASHINGTON—For decades, every new technology or its product seemed to have "Made in America" stamped on it, from instant copying and instant photography to advanced computers, nuclear reactors, oral contraceptives, synthetic fibers and jet airliners.

Things have changed. There is concern in the White House and Congress, in industry and universities, that the United States is losing its technological lead in at least some fields.

In terms of this country's international lead in developing new patents, in terms of lagging productivity of workers, of falling research and development expenditures, perhaps even of basic research, there is the alarming prospect of the "loss of our scientific and technological empire," as one science historian put it.

Among specific reasons for concern:

—The European A-300 airbus is being bought by at least one major U.S. airline (Eastern), an almost unprecedented reversal of historic U.S. dominance of this field. This and other developments, such as the collaborative effort by General Electric Co. and a French government-supported company, SNECMA, on the next generation jet engine, suggests that the U.S. aircraft industry is starting a steep decline.

—For the first time, the Japanese are directly challenging U.S. computer supremacy in big as well as small computers in U.S. markets and around the world. Backed by direct government subsidies, the aim is to eclipse U.S. dominance in advanced electronics much as was done in synthetic textiles a decade ago.

—The Germans, French and Soviets appear equal or ahead of the United States in development and construction of breeder reactors, which make more atomic fuel than they burn. The Soviets are equal in the race to tame the hydrogen bomb's fusion reaction. Both types of reactors will be vital to provide energy, notably electricity, when oil becomes prohibitively expensive.

More than just jingoistic pride is involved, although that is an element, too. It is humbling to discover how inefficient the American steel industry is compared with foreign producers. Not only are high-quality, specialty steels imported, but 44% of all the nuts, bolts and large screws holding American products together are made abroad.

"The harsh truth is that we are now very much locked into a dynamic system of global economic growth, and it is one based largely on technological change and innovation," Dr. Frank Press, the President's science adviser, said.

"The crucial point is the need for innovation. And a principal basis of innovation today is research and development (which specialists call R and D). This is one reason why we are concerned with the state of industrial R and D, and why the Administration will be focusing much attention on it in the coming year."

The cost of falling behind in technology is greater than just the money needed to buy know-how overseas and the intangible decrease in nation-

al self-sufficiency, and thereby national security, that results.

Technological innovation demonstrably increases the number of jobs, the productivity of workers, the growth of the domestic economy, foreign trade balances and the international status of a country.

A recent study by Robert E. Brinner for Data Resources Inc. found that high-technology industries such as electronics and chemicals grew almost three times faster, had twice the productivity per man and expanded their work forces nine times faster than low-technology industries such as shoes and steel.

High-technology industries were also anti-inflationary, raising prices only one-sixth as much as low-technology industries, according to Brinner, who is now on the staff of President Carter's Council of Economic Advisers.

High-technology industries regularly bring a surplus in foreign trade while low-technology industries cause a deficit—\$29 billion surplus vs. \$15 billion deficit in 1976, according to a National Science Foundation com-

pilation, "Science Indicators—1976."

Another foreign trade benefit is payments for technical know-how—patent royalties and the like. The United States received \$4.08 billion for such technology, while paying out only \$468 million, in 1976, according to Commerce Department statistics.

The falloff in U.S. innovativeness is not so easy to measure. Trade statistics do not reflect it, perhaps because it is not an across-the-board decline. But evidence that such a decline is under way is available from the science foundation report:

—Patents of international significance are being issued to foreigners more often than before. In 1963, patents were issued to Americans by foreign countries 4.5 times more often than patents were issued to foreigners by the United States. This U.S. patent advantage fell sharply in 1975, to only twice the number of significant patents given foreigners.

—Major innovations are originating abroad more often than in the past. A survey of the 500 most important ones (such as double-knit fabrics, electron beam welding and urethane foams) to enter the marketplace in

six industrial non-Communist nations found that the U.S. contribution dropped from 80% in the 1950s to less than 60% in the early 1970s.

—Productivity of workers has lagged most in the United States among the six countries. This has been true since 1967, if the same industries are compared from country to country, and since 1960, if the gross domestic product per employed civilian is compared between countries. (The nations, besides the United States, are Canada, France, West Germany, Britain and Japan.)

—U.S. research and development spending has dropped from 3% of the gross national product in 1963 to 2.25% in 1976. West Germany's research and development spending rose from 1.4% to 2.2%, Japan's from 1.5% to 2.0%, in the same period. These governments contribute 50% to 60% of industrial research and development funds. Such effort fuels technological innovation. From research often come the inventions that become innovative breakthroughs.

It is disturbing, therefore, that even when federal research and development funds, for space, defense, etc.,

are subtracted from the U.S. total, the industrial research and development spending level also shows a steady decline—from 2.1%—of gross national product in 1963 to 1.6% in 1975.

The slackening of U.S. productivity in part can be attributed to the drop in fixed capital investment in modernizing plants and equipment. But the rest, Brinner found, is because of the research and development decline, which has resulted in fewer new technologies with high productivity that can boost the national averages.

"It looks like the 1.6% R and D level, in fact, is just enough to keep a constant productivity rate," Brinner said in an interview. "That 1.6% level buys as much productivity rise as is lost annually through equipment obsolescence.

"This means we have to run that fast to stand still in productivity," he added. "To move ahead, we have to run faster," which means spending more for research and development.

Another major problem is that technological leads are highly perish-

able. Over time, the country that makes the breakthrough gets less and less return from it, while countries that import the technology are usually able to outstrip the initial leader.

It seems that wholly new technologies, not just adaptations and refinements of existing ones, must be created regularly to stay at the head of the pack.

New breakthroughs, in turn, usually depend on basic scientific research. So how good is U.S. science today? Answers vary.

In Nobel prizes, the United States is still far ahead in numbers and percentages. In fact, Americans have won 47% more awards since 1961 than in the 1946-60 period. Only in prizes on a national per-capita basis is the United States in second place, behind Britain.

But some science historians, such as Prof. Derek de Solla Price of Yale, fear that a combination of several factors, including the fall in research and development spending, is ominous for the future of U.S. Science. It was Price who spoke of the impending "loss of our scientific and technological empire."

He calculates that the U.S. contribution to "world science" in 1967 was 33% of the total from all nations. Now it is 25% he said.

"In 1967, we had about five times the average share of world affluence, or per capita GNP," he told a meeting of the American Assn. for the Ad-

vancement of Science.

"It is now, in 1978, about 3½ times the average and, unless heroic measures are undertaken, we will have been reduced to only about double the world average before the year 2000 AD."

To Dr. Jerome B. Weisner, president of the Massachusetts Institute of Technology, on the other hand, the chief problem is not any decline in U.S. science or even technology, but in taking the technological ideas into the marketplace.

"There are a lot of good things in laboratories now, but it's hard to get venture capital," he said in an interview. "Maybe it's because the established companies on the stock market are such good buys, maybe because changes in the capital gains tax have created a tax disincentive. But the number of new starts of small, high-technology companies is very low today.

"The fact that the Japanese and West German governments are underwriting innovation, through R and D grants and subsidies, undoubtedly helps make up the minds (of industrialists there) in favor of risking money in new ventures.

"We need to be very concerned about this, I think," Weisner said. "The nations whose governments

give such support will ultimately pass us, at least in some technological areas."

The basic question being asked by both the presidential and congressional studies now getting under way is how to spur innovation.

In his last State of the Union message, Carter said that he was budgeting "a real growth of (federal) scientific research and other steps that will strengthen the nation's research centers and encourage a new surge of technological innovation by American industry."

He recommended an 11% annual rise in basic research funding, which means a real increase of about 5% in constant dollars. But he called for only a 6% rise in general research and development funds, which is a standstill budget.

Press, director of the Office of Science and Technology Policy, as well as the President's science adviser, said recently that the Executive Branch study will examine such issues as "the impact of federal regulations on industry (i.e., antitrust restrictions affecting collaborative projects), the availability of investment capital, the assertions that industry is becoming increasingly 'defensive' in its R and D, that it is turning from longer-term research and bolder innovation to emphasis on

short-term needs and product improvement.

"We will be considering ways to change this situation—possibly to reduce certain regulatory burdens on industry (without compromising public needs), to introduce incentives to more exploratory and long-range research, to increase the development and implementation of innovation, and to encourage the investment of capital in new facilities that will improve industrial productivity," he said.

Other questions to be examined, in the White House or the congressional studies, are whether the new pollution control and safety laws are diverting funds from research and development; whether patent laws need fundamental overhauling, and whether a tax credit for research and development spending should be instituted, much as industry is now permitted credit for investing in new equipment.

The Johnson and Kennedy administrations made overtures to help industry, but their efforts foundered. Some politicians saw any such aid as a giveaway, while others feared increased automation would mean increased unemployment.

Now, however, the prospects seem good—or at least better than ever—for sympathetic action by Congress.

Unemployment is already up and productivity down, the domestic economy gripped by "stagflation and the trade balance in the red. Greater technological innovation holds the promise of improving all of these conditions eventually.

"Things like a tax credit for R and D or some other kind of federal help to high-technology industries may be

an idea whose time has finally come," Congress' technology expert DeSimone said.

A broader rationale was offered by economist Brinner of the Council of Economic Advisers.

"It's estimated that at least one-third, and up to two-thirds, of the benefit from R and D spending by a company goes outside that company,

to the public as a whole, providing a 'social service' in a real sense," he said. "That seems to me another reason for giving some kind of federal help to high technology companies at this time."

THE WHITE HOUSE
WASHINGTON

April 26, 1978

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

"Rick Hutcheson

cc: Bob Linder

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson *Jack*

April 24, 1978

RE: Cabinet Rank Designation for Bob Strauss

It has just come to my attention that Bob Strauss does not have the formal designation of "Cabinet rank" although I am reasonably sure that you intended for him to have it. If you will indicate your intention below, I will see to it that the formal designation is recorded. (Those people who have Cabinet rank but who do not head Cabinet departments are Jim McIntyre, Zbig Brzezinski, Charlie Schultze and Andy Young.)

Cabinet rank ☒

No Cabinet rank ☐

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CANCELLED PER E.O. SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

personal
and confidential



UNITED STATES SENATE
WASHINGTON, D. C.

DONALD W. RIEGLE, JR.
MICHIGAN

I called him

J
(SL)

April 26, 1978

Dear Jimmy

While there are 100 Senators,
There is a number smaller than
the 100 open to discussion and
reason on virtually all Administration
initiatives. I consider myself to
be in this smaller group.

What prompts this personal
letter is the present Middle East
arms package.

Thus far, only one person
has contacted me to advocate your
arms package. That person was
the Commerce Minister of Saudi
Arabia.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY Jey

DATE

6/1/92

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personal
and confidential

No one who works for you has talked with me about this matter - either during the formulation of the package, or after it had been formalized.

I have the most serious reservations about the 60 F-15s to Saudi Arabia, but we are now so far down the track without any semblance of cooperative effort that it's probably too late to work together on this matter. I am greatly distressed by this.

This particular issue of course illustrates a more serious underlying problem that I hope we might be able to talk about sometime.

Sincerely, your friend
Ben Riege